TREASURY METALS

INCORPORATED

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED
JUNE 30, 2014

INTRODUCTION

Treasury Metals Inc. (TSX: TML) ("Treasury Metals" or "Treasury" or the "Company") is a Canadian gold exploration and development company focused on its 100% owned Goliath Gold Project. The Project has access to first-rate infrastructure and is located near Dryden in northwestern Ontario. Treasury Metals is advancing Goliath through the Canadian permitting process for mining production at its open-pit gold mine and 2,500 tpd processing facility. Subsequent underground operations will be developed in the latter years of mine life. Key programs slated for completion in 2014 are further drilling and exploration, working toward feasibility and continuation of the permitting process. Established in 2008, Treasury Metals operates corporate headquarters in Toronto and a Project Office at the Goliath Gold Project. Treasury Metals is listed on the Toronto Stock Exchange under the trading symbol "TML".

More information can be found on Treasury Metals Inc.'s website at www.treasurymetals.com.

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Treasury Metals Inc. should be read in conjunction with the Company's unaudited interim condensed financial statements for the six month period ended June 30, 2014, including the related notes thereto. These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is presented as of August 7, 2014. Unless otherwise noted, the currency used is Canadian dollars. This MD&A contains "forward-looking" statements that are subject to risk factors set out in a cautionary note contained herein.

PLANS FOR 2014/2015

Over the next year, the Company will be completing all steps necessary to complete a Feasibility Study and be "shovel-ready" to start building the mine. The cost to do this is expected to be $8.4 million of which $3.1 million has already been incurred, with the balance expected to be spent in the next 12 to 15 months. In February 2014, the Company completed all conditions for a $6 million feasibility funding facility with RMB Resources Inc., which added to the $3.3 million in proceeds from a December 2013 flow-through issue, providing the funding to complete this plan within another nine to twelve months.

Specifically, the Company's plans for 2014 are the following:

- In January 2014, the Company announced the recommencement of drilling at the Goliath Gold Project. The initial 10,000 metre program consists of infill and expansion drilling of the Main and C Zones, further delineation of the new high-grade zone discovered in the C Zone and drilling of several targets on the recent Norman property acquisition. This drilling program finished in late June 2014 having drilled 10,746 metres.

- Also in January 2014, the Company announced it engaged Tetra Tech WEI Inc. to oversee completion of its Environmental Impact Statement ("EIS") on the Goliath Gold Project. Since the issuance of the EIS Guidelines by the Canadian Environmental Assessment Agency, Treasury Metals' internal team has been active in the preparation of the EIS and will now work with technical consultants to complete the work. The Tetra Tech group has a Permitting and Approvals office in Winnipeg, Manitoba and has vast experience in environmental permitting and a thorough knowledge of the local area.

- Lycopodium Minerals Canada Ltd. in Toronto, has been selected to conduct a plant optimization and infrastructure study as it pertains to the EIS. The Lycopodium group has a proven track record in the design and construction of operating mines of similar scope and scale.

- WSP Canada Inc. has been selected to design the tailings storage facility and conduct an alternatives assessment review. WSP Canada (formerly Genivar/Cook), in Thunder Bay has notable experience in both the design and construction of tailings facilities. WSP also has significant knowledge of local northwestern Ontario field conditions.

- An Alternatives Assessment report will be included as part of the EIS. This work is being done by Lycopodium and WSP for their respective sections. The Alternatives Assessment will define the optimal mining processes including tailings management methods for development as it pertains to economic calculations, achievability, practicality, and environmental factors. This Alternatives Assessment will also represent a trade-off/optimization study to outline a process that will be taken forward to the Feasibility level. The first alternative to be analyzed focuses on the use of gravity flotation circuits, to be conducted by Gekko Systems Pty. Ltd. of Australia ("Gekko Systems"). These results will complement the previous feasibility level metallurgy for a Carbon In Leach (C.I.L.) processing circuit that yielded greater than 95% total recovery of gold (see press release dated September 17, 2012). The study will provide additional detail to support metallurgical optimization along with the environmental and economic trade-offs between C.I.L. and/or flotation gold extraction circuits. While expected recoveries may be lower using flotation methods, there may be potential upside in lowered capital costs along with environmental benefits by limiting the use of cyanide. Subsequent to this study, Gekko Systems will work towards creating detailed equipment and operating cost estimates for gravity flotation gold extraction process. These results will be used as technical due diligence and will be compared against the conventional C.I.L. method that was previously outlined in the NI 43-101 compliant, updated PEA (2012) on Goliath Gold Project, in a trade-off study to examine any further efficiencies. The potential use of a gravity-flotation circuit will be included in the metallurgical alternatives assessment as part of the Environmental Impact Statement ("EIS").

- Development of the EIS is ongoing with the aforementioned technical consultants. Submission is anticipated to be completed by end of the third quarter, 2014. Provincial permitting will commence upon the successful submission of the EIS to the Canadian Environmental Assessment Agency.

- Completion of any outstanding baseline reporting.

- In the second half of the year, the Company aims to begin a Pre-Feasibility Study which will include a resource update. The Pre-Feasibility Study is anticipated to maintain a shortened timeline due to the significant amount of work that will be put into the alternatives assessment and optimization study, and should be complete by year-end.

- Filing assessment reports to keep claims in good standing.
- Reinterpretation of mineralized zones at the Goliath project.
- Recalculating long sections to reflect new interpretations of mineralized zones.
- The Company will also continue to pursue property consolidations and land acquisitions in the immediate area of the Goliath Gold Project.

MINERAL EXPLORATION PROPERTIES

Goliath Gold Project

The Goliath Gold Project ("Goliath" or "the Project") is located in the Kenora Mining Division in northwestern Ontario, about 20 kilometres east of the City of Dryden and 325 kilometres northwest of the port city Thunder Bay, Ontario, Canada. Goliath Gold Project consists of approximately 4,881 hectares (approximately 49 km^2 total) and covering portions of Hartman and Zealand townships. The Project is comprised of two historic properties, which are now consolidated under the common name Goliath Gold Project: the larger Thunder Lake Property, purchased from Teck Resources and Corona Gold Corp., and the Goliath Property, transferred to the Company from Laramide. The Goliath Gold Project has been expanded from its original size through the staking of mining claims, land purchases and option agreements. The Project is held 100% by the Company, subject to certain underlying royalties and payment obligations on certain patented land parcels, currently totalling about $103,500 per year.

Goldcliff Project

The Goldcliff Project ("Goldcliff") represents a new gold discovery in the Kenora Gold District and is located approximately 40 kilometres south-southeast of Dryden, Ontario; it is situated within the Boyer Lake Area of the Kenora Mining District. Goldcliff is accessible via Provincial Highway #502. The Goldcliff Project area comprises four optioned unpatented mining claims and 45 contiguous unpatented mining claims staked by Treasury Metals. Goldcliff totals 570 units and covers approximately 9,120 hectares.

Goldcliff lies within the Eagle-Wabigoon-Manitou Lakes greenstone belt located in the Superior Province of the Canadian Shield. Current government mapping shows the Property as comprising mainly mafic volcanic and related intrusive rocks, cut locally by quartz-feldspar porphyry dykes. There is local strong carbonatization of both mafic volcanic rocks and quartz-feldspar porphyry. Prospecting, trenching and sampling have proven both rock types to be gold-bearing.

Lara Polymetallic Project

The Lara Polymetallic Project, located in the southern region of Vancouver Island, lies about 75 kilometres north of Victoria, 15 kilometres northwest of Duncan and about 12 kilometres west of the Village of Chemainus, Victoria Mining Division, British Columbia, Canada. The Lara Property was comprised of 90 mineral claims at the end of 2013 and in early 2014, as the claims came up for renewal, only the significant claims were renewed and the Project currently consists of 41 mineral claims.

Net Smelter Royalty, Cerro Colorado Gold Mine

The Company owns a 3.0% Net Smelter Royalty ("NSR") on the Cerro Colorado gold mining operation in Sonora State, Mexico, operated by Goldgroup Mining Inc. Cerro Colorado is a small-scale gold (silver) mine that produces gold from its heap leach operation. The agreement contemplated that Treasury Metals would receive a 2.0% sliding production royalty when gold prices are below USD$350 per ounce and a 2.5% sliding production royalty when prices are above USD$350 per ounce; once cumulative production exceeds 100,000 ounces gold, which was met in 2010, the royalty rate escalates to 3.0%.

The operation produced around 20,000 ounces per year from 2010 to 2012 and dropped to 17,776 ounces in 2013 reflecting the stopping of full scale mining operations late in that year. For 2014 the projection is for less ounces as the focus will be on leaching the existing leach pads.

GOLIATH GOLD PROJECT

HIGHLIGHTS

- Since Treasury Metals began drilling Goliath Gold Project in 2008, a total of 407 diamond drill holes comprised of 376 newly collared holes, 3 wedged holes, and 28 re-entry holes for a total of 119,601 metres have been drilled on the property.

- On February 19, 2014, the Company completed all conditions for a $6 million feasibility funding facility (the "Facility") with RMB Resources Inc. ("RMB"). The Facility, of which an initial $1.5 million from the first tranche was drawn in April 2014 and $1.5 million is already available and a second tranche of $3 million is available upon completion of specified project milestones, has a term of 2.5 years. This facility together with the $3.3 million flow-through share financing completed in late December 2013 provide sufficient funding for the Company to complete all steps necessary to complete an Environmental Impact Statement ("EIS") and a Feasibility Study and be "shovel-ready" to start building the mine. The cost over the next 12 to 15 months to do this is budgeted to be $8.4 million.

- Immediately after the closing of the flow-through share offering in late December 2013 and final approval of the Feasibility Finance Facility by RMB Resources Inc., the Company moved to engage several consulting engineering firms to complete the technical work required to support an Environmental Impact Statement ("EIS") and a Feasibility Study.

- In February 2014, a study conducted by Gekko Systems Pty. Ltd. of Australia ("Gekko Systems"), focused on optimizing the use of gravity-flotation circuits at the Goliath Gold Project. These results will complement the previous feasibility level metallurgy for a Carbon In Leach ("C.I.L.") processing circuit that yielded greater than 95% total recovery of gold. The study will provide additional detail to support metallurgical optimization along with the environmental and economic trade-offs between C.I.L. and/or flotation gold extraction circuits. While expected recoveries may be lower using flotation methods, there may be potential upside in lowered capital costs along with environmental benefits by limiting the use of cyanide.

- A **Project Description** ("PD") for the Goliath Gold Project was submitted to the federal government's Canadian Environmental Assessment Agency ("CEAA") on November 27, 2012, and officially accepted by the CEAA on November 30, 2012. The Company's PD initiated the official permitting and approvals process for mine development. Subsequent to the PD filing, the Company received both the CEAA determination to have the Goliath Gold Project subject to an Environmental Assessment ("EA") and the Environmental Impact Statement ("EIS") guidelines. The Company is currently working on the completion of the Environmental Impact Statement and expects it to be submitted to the Canadian Environmental Assessment Agency in Q3 2014.

- **Preliminary Economic Assessment** of July 2012 ("PEA"). Highlights include:
    - 10+ year combined open pit and underground mine life with processing throughput averaging 2,500 tonnes per day;
    - Avg. annual production of 80,000 oz gold equivalent, with a LOM head grade of 3.05 g/tonne;
    - Average operating cash cost of $698 per equivalent gold ounce;
    - Life of Mine pre-tax net present value of $199.0 million, internal rate of return of 39.3% and a payback of 2.2 years;
    - Life of Mine after-tax net present value of $144.3 million, internal rate of return of 32.4% and a payback of 2.8 years;
    - Initial capital expenditure of $92 million, including 20% contingency;
    - Estimated gold processing recoveries of 95%.

According to the cautionary statement required by NI 43-101, it should be noted that this assessment is preliminary in nature as it includes inferred mineral resource that cannot be categorized as reserves at this time and as such there is no certainty that the preliminary assessment and economics will be realized. The full PEA is available on the Company's website and on SEDAR (www.sedar.com).

- **Updated National Instrument 43-101 Resource Estimate** of November 2011 ("NI 43-101"): Indicated mineral resource of 810,000 ounces and Inferred mineral resource of 900,000 ounces of gold and gold equivalent ounces of silver.

OPERATING ACTIVITIES

Goliath Gold Project 2014 Exploration and Development Program Expenditures

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	30-Jun-13	30-Sep-13	31-Dec-13	31-Mar-14	30-Jun-14	30-Jun-14
Metallurgy	137,942	870	0	50,000	0	188,812
General and administrative	1,845,796	28,512	101,436	72,949	77,373	2,126,066
Amortization	107,260	19,862	19,862	19,185	19,185	185,355
Drilling and geology	16,298,555	25,272	4,116	460,672	461,670	17,250,285
Bankable feasibility	26,867	28,049	0	3	58,194	113,113
Environment	954,908	20,826	12,480	466,009	170,520	1,624,742
Hydrogeology	121,876	14,120	41,869	36,851	5,354	220,071
Geotechnical	45,619	350	0	3,046	48,166	97,180
Geochemistry	43,658	20,059	19,984	12,686	7,714	104,102
Preliminary Economic Assessment	255,532	0	47,325	-5,564	0	297,293
Labour and other payments to consultants	2,741,865	214,707	261,761	259,978	284,487	3,762,798
Acquisitions of properties and data	27,384,917	0	190	103,726	0	27,488,833
Total Goliath Gold Project	49,964,795	372,627	509,023	1,479,540	1,132,663	53,458,649

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13	30-Jun-13	30-Jun-13
Metallurgy	49,220	73,404	15,317	0	0	137,942
General and administrative	1,496,045	88,417	101,034	100,373	59,927	1,845,796
Amortization	0	0	67,536	19,862	19,862	107,260
Drilling and geology	14,239,084	163,785	863,687	986,083	45,917	16,298,555
Bankable feasibility	0	0	0	20,704	6,162	26,867
Environment	667,118	155,453	39,431	62,159	30,746	954,908
Hydrogeology	28,588	0	0	58,536	34,753	121,876
Geotechnical	0	0	0	45,619	0	45,619
Geochemistry	0	0	0	0	43,658	43,658
Preliminary Economic Assessment	172,312	0	83,220	0	0	255,532
Labour and other payments to consultants	1,551,033	358,970	289,810	251,073	290,978	2,741,865
Acquisitions of properties and data	27,270,889	-50,000	60,000	103,451	577	27,384,917
Total Goliath Gold Project	45,474,289	790,029	1,520,036	1,647,860	532,581	49,964,795

TREASURY METALS INCORPORATED

Environmental, Permitting, and Development Activities

A number of exploration and development programs are ongoing for the further advancement of the Goliath Gold Project.

The Company's ongoing Environmental Baseline Studies, initiated in the fall of 2010, support the permitting process. Environmental studies to date have identified "no fatal flaws" for the Goliath Gold Project.

A Project Description ("PD") for the Goliath Gold Project was submitted on November 27, 2012 to and subsequently accepted on November 30, 2012 by the federal government's Canadian Environmental Assessment Agency ("CEAA"). The Company's PD initiated the official permitting and approvals process for mine development. This milestone marks a significant advancement in the development of the Goliath Gold Project and officially began the federal government's 365-day legislated period for the completion of the Environmental Assessment ("EA") by CEAA. The 365-day review and approval window includes 45 days CEAA used to determine that an EA for the Goliath Project was required. CEAA used the PD to develop the "Guidelines" for an Environmental Impact Statement ("EIS") that Treasury Metals is required to complete as an integral part of the EA process.

Subsequent to the PD filing, the Company received both the CEAA determination to have the Goliath Gold Project subject to an EA and the draft EIS guidelines. On February 21, 2013, the Company received guidelines for the preparation of an EIS pursuant to the Canadian Environmental Assessment Act 2012.

Pursuant to the Canadian Environmental Assessment Act, 2012, the PD outlines the proposed Project development plan and will provide a greater understanding of the Project to the appropriate agencies and authorities. The scope of the Project includes initially an open pit for three years followed by a combination of both open pit and underground mining methods that will continue to the end of the total 10 to 12 years of mine life. Processing was outlined to be done using a 2,500 tonne/day C.I.L. plant. The current optimization studies will confirm the possible use of gravity followed by flotation rather than C.I.L. Any associated infrastructure needed to successfully develop and operate the project is described within the document. The PD also outlines the results of more than two years of Treasury Metals environmental baseline studies, anticipated socioeconomic and environmental impacts, as well as consultations and communications to date with local, provincial and federal government agencies, First Nations, the Métis Nation of Ontario and other aboriginal communities and the general public.

Recent Supreme Court decisions relate to Aboriginal consultation. In British Columbia on June 27, 2014, a Supreme Court decision confirmed the Tsilhqot'in Nation holds title to 1,750 square kilometres of their traditional land use area along with the right to use and control this tract of land and to receive the benefits of ownership. This issue stems from a challenge by the Tsilhqot'in Nation of the right of the Province of British Columbia to issue permits on their traditional land use area. A key factor in this decision was absence of signed treaty in place in this area and that the land has never been surrendered by the Tsilhqot'in Nation. This decision is significant as the development of resources within this area will now require the consent and approval of the First Nation. As most of the Province of British Columbia is not covered by treaties, this decision may set the standard for relationships with Aboriginal people throughout much of that province.

The second Supreme Court decision was delivered on July 11, 2014, and relates to a challenge by Grassy Narrows First Nation as to whether the Government of Ontario has the right to issue logging permits on lands within Grassy Narrows traditional land use area. At issue was Grassy Narrows' contention that Treaty 3 is a treaty with the Government of Canada and not Ontario and that Ontario does not have the rights to issue permits on Treaty lands. Coupled to this challenge was a contention by Wabauskang First Nation that for the same reasons, Ontario does not have the right to authorize mining within the Treaty area. In this case, the Supreme Court ruled that Treaty 3 is an agreement with "the Crown" as may be represented by either the federal or provincial government. Canada's constitution gives authority over resources to the provinces and Ontario does indeed have authority over resources within the Treaty 3 area and the right to issue permits for resource uses including logging and mining. This decision has significance for the Goliath Gold Project as it clearly defines the role of Ontario in approving projects such as the Goliath Gold Project. The decision also clearly states that the land within the Treaty 3 area has been surrendered by the Aboriginal people. Aboriginal people retain the right to fish and hunt throughout the Treaty area, save and except those areas withdrawn for settlement, lumbering, mining, etc. and must be consulted when a project has the potential to adversely impact these rights. However, the Supreme Court decision also makes it clear that in order for a project to be considered to impact on rights, that impact must be seen to be meaningful.

The provincial permitting application development for the Goliath Gold Project will start when the EIS documents are submitted to the CEAA. Treasury Metals continuously communicates with provincial agencies (MNDM, MOE, MNR) via weekly conference call and other meetings, as required.

A meeting was held with Hydro One to confirm power requirements and discuss the connectivity permitting process. Treasury has received verbal confirmation that capacity is available on the local 115 kV line on site and that this location is ideal for a power connection. Contact has been made with Independent Electrical Systems Operator to begin the electrical connection process.

Treasury Metals also continues to advance technical engineering and environmental programs to support Goliath Gold Project's Environmental Impact Statement. These technical programs will also flow into the feasibility study.

<u>Scoping/Optimization Study:</u>

The scoping/optimization study that is designed to narrow the ore processing and tailings storage options ahead of commencing the pre-feasibility study has been completed and Treasury is waiting on final reports from P&E Mining Consultants regarding the mine design. This work is complementary to both the EIS and the Pre-Feasibility Study work. Additional work is included in these respective key areas: EIS, Pre-Feasibility Study and Provincial Permitting.

For the scoping/optimization study, the base case mill is comprised of a 2,700 t/d conventional crushing, grinding, gravity separation and flotation, followed by an industry standard C.I.L. plant and tailings storage facility (TSF). The study will also examine the additional options of a) a crushing, grinding, gravity separation and flotation, concentrated cyanide extraction and, b) a crushing, grinding, gravity separation and flotation, with no cyanide extraction or dry stack tailings.

The purpose of evaluating the additional options is to improve project economics by significantly reducing CAPEX requirements for the project and simplifying environmental permitting, especially if cyanide extraction could be eliminated. These study results will also be included in the "Alternatives Assessment" as required for the EIS to demonstrate that "all technically Feasible" options for the project have been considered.

Metallurgical work and initial testing has indicated that very good gold recovery values could be expected using gravity separation and flotation alone. Approximately 220 kg of Goliath Project ore is currently being tested with Gekko Systems of Australia to verify recoveries using gravity separation and flotation. Results which are expected in the third quarter will allow Treasury to narrow down to a single processing option for the feasibility study.

Environmental Impact Statement and Feasibility Study

Treasury has engaged several consulting engineering firms to complete the technical studies necessary to complete the EIS and Feasibility Study.

- Tetra Tech WEI Inc. ("TT") is the lead consultant for the preparation of the EIS. Based in Winnipeg, TT has vast experience in mining and environmental permitting and a thorough knowledge of the local area.
- Lycopodium Minerals Canada Ltd. in Toronto has been selected to oversee plant and infrastructure optimization for the project as it pertains to the EIS.
- WSP Canada (formerly Genivar) of Thunder Bay has been selected to design the tailings storage facility ("TSF") and conduct an alternatives assessment review. This work will flow directly into the final Feasibility Study. WSP has conducted a site visit of the Goliath Gold Project and arrangements have been made to complete a site investigation plan, including shallow drilling for soils and geotechnical purposes.
- GCK Consulting in Thunder Bay has been engaged to complete the socioeconomic baseline study.
- AMEC in Toronto is engaged to complete the site's hydrogeology work.
- DST Consulting Engineers Inc. in Thunder Bay is currently preparing final Environmental Baseline Reports for 2012 and 2013.
- Mine Design Engineering is continuing geotechnical studies to be integrated with infill drilling schedule.
- Ecometrix is engaged to complete geochemistry studies and will continue testing key samples for additional data until the final report is completed.
- RWDI is engaged to study baselines for dust, noise and light.
- Keewatin – Aski of Sioux Lookout is commissioned to conduct a traffic survey. Baseline data collection and preparatory work have been completed, as well as the traffic count.
- The mine design consultant for both the open pit and underground phases will be selected in the near future.

Phase 1 of the Feasibility Study has started with the Optimization Study and TSF Alternatives Assessment by Lycopodium and WSP. Phase 2 of the Feasibility Study will begin following a successful submission of the EIS. Infill drilling to upgrade inferred resources into the measured or indicated categories has been completed and results are being analyzed.

<u>Exploration</u>

In January 2014, the Company announced the recommencement of a 10,000 metre drill program at the Goliath Gold Project. The planned 10,000 metre program consists of infill and expansion drilling of the Main and C Zones, further delineation of the new high-grade zone discovered in the C Zone and drilling of several targets on the recent Norman property acquisition. The program concluded in June 2014 having completed10,746 meters.

The 2014 Drilling Program Targets included:

- A number of targets on the newly acquired Norman property acquisition, which is adjacent to the current deposit. The property is contiguous to and located along strike and downdip of the eastern end of the mineral resource at Goliath. The Norman acquisition provides first-time access for drilling of an additional 1.6 kilometres of potential deposit strike length. The current resource is interpreted to project towards the NE portion of this newly acquired property.

- Several EM targets across the Goliath property. The conductors were compiled and ranked from a property-wide airborne EM survey flown in 2011.

- Drilling of the recently discovered high-grade area in the C Zone. Previous intersections in the area include the re-entry hole TL164-12RE which returned values of 18.6 g/t Au over 5.2 metres (see press release dated December 11, 2012 and January 29, 2013 for further details). This particular zone, encountered in the central area of the deposit, was a result of extending previous drill holes by approximately 30 to 50 metres past the Main Zone and through the C Zone of the deposit. The new program will focus on further delineation and expansion of the new zone.

- Infill and expansion drilling of both the Main Zone and C Zone is focused on increasing the resource size and upgrading current Inferred resources into the Indicated category. The drill program will include:

    - Final delineation of the open pit and infilling areas of possible pit expansion.

    - Delineation of the newly discovered C Zone ore shoot including the extension of previously drilled holes through the Main Zone which were terminated short of the C Zone.

    - Infill of the Main Zone where required to finalize the underground engineering plan for the Feasibility Study.

The infill and expansion drill program, combined with the other drilling programs since October 2011, will form a new resource update expected in the third quarter of 2014.

Highlights of the drill hole results to date include:

Holes **TL14-349 and 350** delivered intercepts that currently rest outside the proposed C Zone western pit shell. **TL14-350** encountered **6.7 m at 5.39 g/t** at a vertical depth of 60 metres from surface and **TL14-349** intercepted **9.3 m at 2.2 g/t,** approximately 30 metres below TL14-350. Both results continue to potentially add new open pit ounces.

An exploration hole located in a sparsely drilled area outside the indicated boundary of the developing western area of the C Zone, Hole **TL14-346A** intersected **6.4 m at 4.32 g/t.** The Company has reported a number of encouraging intercepts within this developing high-grade area of the C Zone. The C Zone remains a high priority exploration target that continues to remain open to the west and down plunge.

Highlights also include **TL14-353** which intersected **12.25 m at 4.05 g/t** including **6.0 m at 6.51 g/t** in the Hanging Wall of the current Main Zone, followed by an intersection of **3.25 m at 2.69 g/t** in the foot wall. TL14-353 is a delineation hole located in the Main Zone central domain, occurring roughly 200 m down from surface. The Hanging Wall and Foot Wall intersections continue to deliver solid grades while increasing confidence in the proposed underground stopes.

Highlights of the final Phase I drilling program include exploration Hole **TL14-367**, drilled approximately 400m west of the main resource. Hole 367 was targeting base metal trends, intersected **12.8 m at 2.71 g/t**, across the interpreted Main Zone stratigraphy at a vertical depth of 52 metres. The area remains open in all directions. To the west, hole **TL14-369** encountered **5 m at 1.32 g/t** and to the east where **TL09-066** intersected **8.5 m at 1.41 g/t**, **including 3.75 m at 2.65 g/t** at a vertical depth of 25m. The area remains a high priority for Phase II drilling during 2014, in an effort to discover and delineate shallow, open pit-able resources. Additional details of the Phase II exploration program will be provided in the short term.

The Goliath Project continues to deliver solid gold grades within its current resource. **TL14-362** containing multiple specks of VG, returned a value of **24.43 g/t over 3.1 m** within the Main Zone Western Shoot. The intercept is currently held within the "Inferred Outline" of the western resource, destined to become categorized as "Indicated" with the upcoming NI 43-101 resource update.

Full Table of Assays and updated Main Zone and C Zone long sections can be found on the company's website at www.treasurymetals.com

GOLDCLIFF PROJECT

Goldcliff Property	Balance	Incurred in three months ending				Balance
	30-Jun-13	30-Sep-13	31-Dec-13	31-Mar-14	30-Jun-14	30-Jun-14
Drilling and geology	192,428	0	0	0	0	192,428
Acquisitions of properties and data	133,460	0	0	5,000	0	138,460
Camp field and land costs	135,561	0	0	731	0	136,292
Total Goldcliff Property	461,449	0	0	5,731	0	467,180

Goldcliff Property	Balance	Incurred in three months ending				Balance
	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13	30-Jun-13	30-Jun-13
Drilling and geology	0	0	157,306	34,357	765	192,428
Acquisitions of properties and data	128,460	0	0	0	5,000	133,460
Camp field and land costs	117,797	289	44	15,468	1,963	135,561
Total Goldcliff Property	246,256	289	157,350	49,825	7,728	461,449

In June 2010, the Company acquired the right to earn a 100% interest in four unpatented mining claims in the District of Kenora (S. Johnson-Barkauskas Mineral Property Agreement). Under the terms of the Agreement, the Company is to make option payments totalling $90,500 and issue 80,000 common shares of the Company over a four-year period. These payments are required as follows: $8,500 and 20,000 common shares paid on signing of the agreement (paid), $12,000 and 20,000 common shares on or before June 23, 2011 (paid), $20,000 and 20,000 common shares on or before June 23, 2012 (paid), and $50,000 and 20,000 common shares on or before September 1, 2014. The four unpatented mining claims, totalling 12 units and 192 hectares, are subject to a 2% NSR, of which 1% can be purchased by the Company for $750,000.

In 2012, Treasury conducted a trench mapping and sampling program followed by a drilling program at its 100% owned Goldcliff Project, located approximately 40 kilometres south-southeast of the City of Dryden, Northwestern Ontario in the Kenora Mining District. The initial program commenced in August 2012 and focused on three mineralized showings identified and trenched during the 2011 summer program referred to as the Goldcliff showing, the Ange showing, and the Sulphide showing. Detailed mapping, channel sampling and several 1-2 metre holes were drilled using a handheld drill in an effort to further understand the geology and identify drill targets.

Based on the results of the mapping program and data from the Geophysics flown in 2011, the Company initiated a 9-hole, 1,386 metre drill program in October 2012. One hole was drilled on the Goldcliff showing, six holes on the Ange showing, and two on the Sulphide showing. Various anomalous gold envelopes were intersected as well as an extremely high grade sample from the Ange showing. The third drill hole, GC12-03, intersected a narrow vein with abundant coarse visible gold which produced a sample grading 1,763.4 g/t over 75 cm along with many other anomalous hits.

In light of the high-grade intersection the Company commissioned a staking program. Eight new blocks, comprising 128 units, totaling 2,048 hectares were added contiguous to the northeast portion of the existing property. This raised the total land package to 45 claims, 570 units totaling 9,120 hectares.

With only minimal work being applied to this recently acquired property, Goldcliff has proven to be an extremely viable hunting ground for gold. Its proximity to the Goliath Project is equally attractive because even a smaller deposit could be used to provide feed to an existing mill and provide additional income to the Company.

LARA POLYMETALLIC PROJECT

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	30-Jun-13	30-Sep-13	31-Dec-13	31-Mar-14	30-Jun-14	30-Jun-14
Consultants	58,486	0	0	1,885	3,186	63,557
Surveys	18,034	0	0	0	0	18,034
Camp field and land costs	264,806	1,382	500	66,345	0	333,033
Total Lara Polymetallic Project - BC	341,326	1,382	500	68,230	3,186	414,624

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13	30-Jun-13	30-Jun-13
Consultants	49,219	0	0	7,697	1,570	58,486
Surveys	18,034	0	0	0	0	18,034
Camp field and land costs	158,789	14,500	0	88,118	3,399	264,806
Total Lara Polymetallic Project - BC	226,042	14,500	0	95,815	4,968	341,326

The Company inherited the Lara Project in early 2008, as part of the spin-out transaction from Laramide Resources Ltd. The Company, as a gold focused exploration and development company, does not consider this project to be a high priority in terms of its overall corporate strategy. Based on current market conditions, the geological fieldwork planned on the property has been put on hold. The Company would consider seeking a purchaser or joint venture partner for this non-core project.

NET SMELTER ROYALTY, CERRO COLORADO GOLD MINE

The Company's NSR revenue was $141,808 for the six-month period ended June 30, 2014, as compared with $473,830 in the same period of the year 2013, due to the decrease of gold production which reflects that full mining operations have ceased at the site and ongoing plans are to leach only the existing leach pads. The royalty funds a portion of corporate overhead costs.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial data for Treasury Metals for each of the last eight quarters. The information set forth below should be read in conjunction with the June 30, 2014 interim condensed financial statements and the related notes thereto, prepared by management in accordance with International Financial Reporting Standards. Detailed explanations of quarterly variances are included in each quarterly MD&A filed on SEDAR.

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	Jun-14	**Mar-14**	**Dec-13**	**Sep-13**	**Jun-13**	**Mar-13**	**Dec-12**	**Sep-12**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Royalty Revenue	70,011	71,797	106,507	143,139	271,253	202,577	177,376	193,595
Gain (loss) on sale of investments	-	-	-	-	-	-	-	-
Expenses	569,991	407,594	397,208	361,056	413,989	484,534	435,259	502,840
Permanent impairment of available-for-sale investments			1,703,398					
Income tax expense	-	282,283	(302,000)	-	-	-	137,400	-
Net loss	(499,980)	(618,080)	(1,692,099)	(217,917)	(142,736)	(281,957)	(395,283)	(309,245)
Net loss per share (basic and diluted)$	0.00	(0.01)	(0.04)	0.00	0.00	0.00	(0.01)	(0.01)
Other comprehensive income (loss)	(112,125)	267,375	1,651,649	17,250	(241,500)	(232,875)	(77,626)	8,625
Total comprehensive loss	(612,105)	(350,705)	(40,450)	(200,667)	(384,236)	(514,832)	(472,909)	(300,620)
Mineral properties and deferred costs	54,340,453	53,204,603	51,651,101	51,141,578	50,767,570	50,218,505	48,428,792	46,751,406
Total current liabilities	1,392,995	1,609,209	2,437,369	2,009,899	1,884,593	2,563,898	2,233,375	2,552,815
Total assets	58,212,904	57,986,958	57,800,722	54,767,522	54,932,395	54,309,369	54,427,335	54,451,362

Royalty revenue variances are due to fluctuations in the Cerro Colorado gold revenue NSR originated by changes in production. The decrease in the year 2014 is mainly due to the cease of production activities; in the year 2013 there was lower production originated by lower ore grade, a higher strip ratio and a lower recovery rate.

The most significant expense variances quarter to quarter are due to the vesting cost of the various stock option issuances and the $1,703,398 write-down of the Goldgroup Mining Inc. shares recorded in Q4 2013. In Q2 2014 amortization of a portion of the financing and transaction costs of the RMB Facility commenced, as detailed in Note 10 to the Interim Consolidated Financial Statements.
The quarterly variations in the Other Comprehensive income (loss) result from the quarter end adjustment to market value of the Goldgroup Mining Inc. shares and their reclassification to the statement of operations in Q4 2013.

The fluctuation in Total Assets from one quarter to the next is primarily a function of cash increases through the financing transactions, issuance of shares, the exercise of warrants and options, the valuation at fair market value of the long-term investments, and the use of cash for operating expenses.

FINANCIAL RESULTS OF OPERATIONS

Three months ended June 30, 2014 compared with three months ended June 30, 2013

The net loss for the three-month period ended June 30, 2014 was $499,980 (2013 - $142,736). The variance is explained as follows:

- In Q2 2014 the royalty income is $201,242 lower than Q2 2013 mainly due to lower gold production at Cerro Colorado. Mining operations at Cerro Colorado were stopped in late 2013 and current operations involve only the leaching of existing leach pads.
- In Q2 2014 salary and benefits expenses are $105,216 higher than Q2 2013 reflecting the reallocation in the current quarter from Administrative, office and shareholder expenses and from Professional expenses of the costs of accounting, finance, investor relations, and administrative personnel to Salary and benefits expense. This reallocation also results in the Q2 2014 decrease in both the Administrative, office, and shareholder and the Professional fees expenses. Also contributing to the decrease in the Administrative, office, and shareholder expenses in Q2 2014 was a $33,947 favourable adjustment relating to taxes on flow-through share renunciations
- In Q2 2014 there is $123,297 of stock-based compensation against $63,102 for 2013 due to the higher balance of unvested options in the current period.
- The amortization of long-term debt transaction costs in Q2 2014 are $101,023 versus nil in 2013. These costs related to the amortization of the set-up costs of the $6 million RMB Facility. Also, Q2 2014 includes $63,050 of interest on long-term debt and commitment fees on the RMB Facility.

Six months ended June 30, 2014 compared with six months ended June 30, 2013

The net loss for the six-month period ended June 30, 2014 was $1,118,060 (2013 - $424,693). The variance is explained as follows:

- In 2014 the royalty income is $332,022 lower than 2013 mainly due to lower gold production at Cerro Colorado. Mining operations at Cerro Colorado were stopped in late 2013 and current operations involve only the leaching of existing leach pads.
- In 2014 salary and benefits expenses are $190,689 higher than 2013 reflecting the reallocation in the current quarter from Administrative, office and shareholder expenses and from Professional expenses of the costs of accounting, finance, investor relations, and administrative personnel to Salary and benefits expense. This reallocation also results in the 2014 decrease in both the Administrative, office, and shareholder and the Professional fees expenses. Also contributing to the decrease in the Administrative, office, and shareholder expenses in Q2 2014 was a $33,947 favourable adjustment relating to taxes on flow-through share renunciations

- In 2014 there is $168,826 of stock-based compensation against $101,552 for 2013 due to the higher balance of unvested options in the current period.
- The amortization of long-term debt transaction costs in 2014 is $101,023 versus nil in 2013. These costs related to the amortization of the set-up costs of the $6 million RMB Facility. Also, 2014 includes $66,174 of interest on long-term debt and commitment fees on the RMB Facility.
- In 2014 there is a deferred tax expense of $282,283 reflecting flow-through share renunciations in the period against no renunciations recorded in 2013.

FINANCINGS

2014

On April 28 and July 22, 2014, the Company received a total of $3 million from the first tranche of the feasibility funding facility (the "Facility") with RMB Resources Inc. A second tranche of $3 million is available upon completion of an updated resource, a mine plan, and cash flow model. The Facility has a term of 2.5 years and will bear interest at CDOR plus 7.50% per annum; also, 2.0% per annum fee will be paid on the available but undrawn amount of the initial $3 million tranche. In connection with this transaction, 1.5 million financier warrants were issued to RMB on February 18, 2014, with an exercise price of $0.395 per common share and an expiry date of August 18, 2017. The issuance of a second set of 1.5 million financing warrants are to be issued at the drawdown of the second $3 million of the Facility. These warrants will be priced at 15% premium at the time of the drawdown notice up to an exercise price of $0.80, at which point the exercise price will be calculated using 0% premium over the 20-day VWAP. A commitment of 2% per annum is payable on any undrawn commitment. A $375,000 arrangement fee was paid at the time of the initial draw.

The Facility is secured by a General Securities Agreement, a debenture, and Collateral Security over the assets of the Company. Additional terms related to the Facility are the ability to pre-pay at any time without penalty, and to cancel all or a part of the undrawn commitment. The Facility requires ongoing regular operational and financial reporting to RMB Resources and also contains default provisions which are normal for this type of transaction and are not considered to be onerous or restrictive for the normal operations of the Company.

2013

On December 20, 2013 the Company closed a brokered placement of 8,315,500 flow-through common shares ("Flow-Through Shares") at an issue price of $0.40 per Flow-Through Share for aggregate gross proceeds of $3,326,200 (the "Offering"). In consideration for the services of the agents the Company paid a cash commission equal to 7% of the gross proceeds received from the sale of the Flow-Through Shares and has issued an aggregate of 201,250 non-transferrable broker warrants, with each broker warrant being exercisable to acquire one common share of the Company at a price of $0.50 per share for a period of 24 months from the closing of the Offering. The net proceeds of the financing from Flow-Through Shares are to be used to incur eligible Canadian Exploration Expenses and flow-through mining expenditures in the gold projects located in the Kenora Mining District of Northwestern Ontario, as defined under the Income Tax Act (Canada), that will be renounced in favour of the purchasers.

On May 1, 2013, the Company completed a non-brokered private placement (the “Offering”). The Offering consisted of 2,638,332 units (the “Units”) of the Company at a price of $0.45 per Unit and 1,194,444 flow-through shares (the “Flow-Through Shares”) at a price of $0.50 per Flow-Through Share, for total aggregate gross proceeds of $1.78 million. Each Unit consists of one common share in the Company and one half of one common share purchase warrant of the Company exercisable for a period of 36 months from the closing date. Each whole warrant shall be exercisable into one common share of the Company at $0.75 per share. The Units and Flow-Through Shares will be subject to a four-month hold period under applicable securities laws in Canada. The net proceeds raised through the Offering will be for the advancement of the Company’s Goliath Gold Project including completion of an Environmental Impact Statement and for general working capital purposes. The Offering was primarily sold to investors in Canada and Europe. The Company paid a finder’s fee of 7% cash commission to certain parties with respect to service provided in connection with the Offering.

LIQUIDITY

As at June 30, 2014, the Company has a temporary deficit in working capital of $325,809. The Company has available a balance of $4.5 million of the RMB feasibility funding facility and on July 22, 2014 made the second draw against the facility in the amount of $1.5 million. The Company plans and budget provide that the combination of the royalty revenue, cash now on hand, and the $3.0 million balance of the feasibility facility will provide the remaining $5 million funding necessary to bring the Goliath project to the completion of feasibility and bring the project to a “shovel ready” status within the 18-month plan which commenced at the beginning of 2014.

On the date of this MD&A, the cash resources of the Company are held in cash with major Canadian financial institutions.

Accounts receivable and prepaid expenses are comprised mainly of royalty receivable, advances to contractors, prepaid insurance, and sales tax receivables from the Government of Canada. Accounts receivable have increased mainly due to the higher sales tax receivables as a result of the higher exploration and development activities during the current year.

Investments in marketable securities as at June 30, 2014 consist of 1,725,000 shares of the TSX listed company Goldgroup Mining Inc., which have a current market value of $293,250. The Company may sell its investments to access funds to settle its obligations as they arise.

The Company has a $500,000 mortgage resulting from the recent Norman property acquisition which is due on October 1, 2014; it is included in the current liabilities.

The Company has increased its long-term debt to $812,457 at June 30, 2014, the increase being as a result of the first draw of $1.5 million in April 2014 against the feasibility funding facility, offset by its unamortized transaction costs of $808,176. Its credit and interest rate risks are minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company must utilize its current cash reserves, the feasibility funding facility, income from the NSR on the Cerro Colorado gold mine, funds obtained from the exercise of warrants and options, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements, ongoing discretionary and committed exploration programs, and to fund any further development activities.

The Company relies on external financing over and above the funds received from the NSR to generate sufficient operating capital. Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and as such, alternative funding programs are also being pursued by the Company. The Company's management believes it will be able to raise any required funds in the short term. Management will monitor the current market situation and make prudent business decisions as they are required. See "Risk Factors".

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

The following table sets forth information concerning the outstanding securities of the Company at the date of this report:

Common Shares of no par value	Number
Shares	74,280,350
Warrants	4,477,916
Options	6,160,000

See Notes 11 to 13 to the June 30, 2014 interim condensed financial statements for more detailed disclosure of outstanding share data.

OFF-BALANCE SHEET TRANSACTIONS

During the period ended June 30, 2014 there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

CONTINGENCIES AND COMMITMENT

The Company has made the following commitments as of the date of this MD&A:

- Under the S. Johnson-Barkauskas mineral property agreement, the Company is required to pay $50,000 and 20,000 common shares on or before September 1, 2014 to acquire a 100% interest in the property, subject to a 2% NSR.

- Certain underlying royalties and payment obligations of $103,500 per year remain on 14 of the 19 patented land parcels.
- As part of the flow-through funding agreement dated on December 23, 2013, the Company is committed to spend approximately $3.3 million on Canadian exploration costs, of which it has already spent $1.8 million at June 30, 2014.

RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other exploration related services to Treasury Metals.

At June 30, 2014, there is $Nil (December 31, 2013 – $7,693) of accounts payable to Laramide Resources Ltd., a company having a director, Marc Henderson, and an officer, Dennis Gibson, in common with Treasury Metals. During the period ended June 30, 2014, the Company was charged by Laramide for the expenses indicated as follows:

Period ended June 30	2014	2013
Office rent	48,689	48,834
CFO Services[1]	-	39,966
Investor Relations Services[1]	-	36,611
Accounting Services[1]	-	36,321
Expenses recovery	33,843	86,653
Administration Services[1]	-	24,436
Total	82,532	272,821

[1] For 10 months in 2013, these functions were performed by employees of Laramide Resources Ltd., which was reimbursed for providing the services. Commencing in Q4 of 2013, the functions are performed by employees of Treasury Metals Inc.

Transactions with related parties were conducted in the normal course of operations and are measured at the exchange amounts.

DIVIDENDS

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

FINANCIAL INSTRUMENTS

The current bank accounts, accounts receivable and accounts payable are non-interest bearing. The majority of cash and cash equivalents are held in short-term investments bearing interest up to 1.2%.

The principal financial instruments affecting the Company's financial condition and results of operations is currently its cash, which it receives from interest and royalty payments, its investment portfolio and any financing transactions entered into by the Company. These sources of revenue are subject to various risks, including production risks with respect to the royalty payments and market risks with respect to the investment portfolio. The investment portfolio is managed by the Company.

RISKS AND UNCERTAINTIES

The Company's Risks and Uncertainties are disclosed in Treasury Metals Inc.'s Annual Information Form dated March 7, 2014, which is filed on SEDAR and is herein incorporated by reference. These risks are updated each quarter when new events or changes in the jurisdictions where the Company operates necessitate new risk analysis.

OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as at June 30, 2014 should be read in conjunction with the interim condensed financial statements for the period ended June 30, 2014. Additional information can be accessed at the Company's website www.treasurymetals.com or through the Company's public filings at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with IFRS. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

DISCLOSURE CONTROLS AND PROCEDURES

Management has designed and evaluated the effectiveness of our disclosure controls and procedures and the internal controls on financial reporting and have concluded that, based on our evaluation, they are sufficiently effective as of June 30, 2014 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for certifying the design of the Company's internal control over financial reporting ("ICFR") as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings" and CSA staff notice 52-316 – "Certification of Design of Internal Control over Financial Reporting".

Our Internal Control over Financial Reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS.

Internal Control over Financial Reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors;
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, Internal Control over Financial Reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the design of the Company's internal controls over financial reporting as of June 30, 2014 pursuant to the requirements of Multilateral Instrument 52-109.

The Company has designed appropriate internal controls over financial reporting for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS except as noted herein.

There have been no changes in Internal Control over Financial Reporting during the period ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect the Company's Internal Control over Financial Reporting.

Martin Walter
President & Chief Executive Officer
August 7, 2014

Qualified Person

Mark Wheeler, the Company's Project Engineer, is a Qualified Person as defined by NI 43-101 and is responsible for the preparation of, and has reviewed and approved, the technical disclosure in this Management's Discussion and Analysis, unless otherwise indicated.

Cautionary Note Regarding Forward-Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting', "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.